



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-580-809]

Circular Welded Non-Alloy Steel Pipe from the Republic of Korea: Preliminary Results of the Antidumping Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: In response to requests from interested parties, the Department of Commerce (“the Department”) is conducting an administrative review of the antidumping duty order on circular welded non-alloy steel pipe (“CWP”) from the Republic of Korea (“Korea”), covering the period November 1, 2009, through October 31, 2010. We preliminarily determine the exporters/producers covered by this review made sales of the subject merchandise at prices below normal value (“NV”). If these preliminary results are adopted in our final results, we will instruct U.S. Customs and Border Protection (“CBP”) to assess antidumping duties on all appropriate entries. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: [Insert date of publication in the Federal Register.]

FOR FURTHER INFORMATION CONTACT: Mary Kolberg, or Jennifer Meek, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S.

Department of Commerce, 14th Street and Constitution Avenue, NW, Washington DC 20230; telephone (202) 482-1785 or (202) 482-2778, respectively.

## SUPPLEMENTARY INFORMATION:

### Background

On November 2, 1992, the Department published an antidumping duty order on CWP from Korea. See Notice of Antidumping Duty Orders: Certain Circular Welded Non-Alloy Steel Pipe from Brazil, the Republic of Korea (Korea), Mexico, and Venezuela, and Amendment to Final Determination of Sales at Less Than Fair Value: Certain Circular Welded Non-Alloy Steel Pipe from Korea, 57 FR 49453 (November 2, 1992) (“CWP Order”).

On November 30, 2010, both Hyundai HYSCO (“HYSCO”) and SeAH Steel Corporation (“SeAH”) timely requested an administrative review of this order for the period November 1, 2009, through October 31, 2010. Also, on November 30, 2010, United States Steel Corporation (“U.S. Steel”), a manufacturer of the domestic like product, requested a review of the following producers/exporters of subject merchandise: SeAH; HYSCO; Husteel Co., Ltd. (“Husteel”); Nexteel Co., Ltd. (“Nexteel”); Kumkang Industrial Co., Ltd. (“Kumkang”); and A-JU Besteel Co., Ltd. (“Besteel”). Likewise, on November 30, 2010, Wheatland Tube Company, a domestic producer of circular welded pipe, requested a review of the subject merchandise sales made by SeAH, HYSCO, Husteel, Nexteel, Dongbu Steel Co., Ltd. (“Dongbu”), and Kumkang. On December 28, 2010, we initiated an administrative review. See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part, 75 FR 81565 (December 28, 2010) (“Initiation Notice”).

In our initiation notice, we indicated that we would select mandatory respondents for review based upon CBP data, and that we would limit the respondents selected for individual review in accordance with section 777A(c)(2) of the Tariff Act of 1930, as amended (“the Act”).

See Initiation Notice, 75 FR at 81565. On January 10, 2011, we received comments on the issue of respondent selection from HYSCO.

On February 4, 2011, after considering the resources available to the Department, we determined that it was not practicable to examine all producers/exporters of subject merchandise for which a review was requested. As a result, we selected the two largest producers/exporters of CWP from Korea during the POR for individual review in this segment of this proceeding, pursuant to section 777A(c)(2)(B) of the Act. These mandatory respondents were HYSCO and SeAH. See Memorandum from Mary Kolberg and Jennifer Meek, International Trade Analysts, AD/CVD Operations, Office 1, to Susan H. Kuhbach, Director, AD/CVD Operations, Office 1, “Respondent Selection: Antidumping Duty Administrative Review: Certain Circular Welded Non-Alloy Steel Pipe from the Republic of Korea,” dated February 4, 2011.

On January 25, 2011, Wheatland submitted a request for a duty absorption determination for a number of producers or exporters subject to this review, including SeAH, HYSCO, Husteel, Nexteel, Dongbu, Kumkang, and Besteel. The Court of Appeals for the Federal Circuit found that the Department lacks authority to conduct two-and four-year duty absorption inquiries for transitional orders (orders in effect before January 1, 1995). See FAG Italia S.p.A. v. United States, 291 F.3d 806, 819 (Fed. Cir. 2002). Since the order for this case is from 1992, we have not conducted a duty absorption inquiry in this proceeding.

On February 9, 2011, we issued the antidumping questionnaire to HYSCO and SeAH.

On July 11, 2011, we published in the Federal Register an extension of the time limit for the completion of the preliminary results of this review until no later than November 30, 2011, in accordance with section 751(a)(3)(A) of the Act, and 19 CFR 351.213(h)(2). See Circular Welded Non-Alloy Steel Pipe From the Republic of Korea: Extension of Time Limit for

Preliminary Results of the Antidumping Duty Administrative Review, 76 FR 40689 (July 11, 2011).

On July 13, 2011, Wheatland withdrew its request for review of Husteel, Nexteel, Kumkang, and Dongbu. U.S. Steel also withdrew its request for review of Husteel, Nexteel, Kumkang, and Besteel on July 13, 2011. On August 16, 2011, we rescinded the administrative review for Husteel, Nexteel, Kumkang, Dongbu, and Besteel for November 1, 2009, through October 31, 2010. See Circular Welded Non-Alloy Steel Pipe From the Republic of Korea: Partial Rescission of Antidumping Duty Administrative Review, 76 FR 52636 (August 23, 2011).

#### Scope of the Order

The merchandise subject to this review is circular welded non-alloy steel pipe and tube, of circular cross-section, not more than 406.4mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), or end finish (plain end, beveled end, threaded, or threaded and coupled). These pipes and tubes are generally known as standard pipes and tubes and are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air-conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing applications, such as for fence tubing, and as structural pipe tubing used for framing and as support members for reconstruction or load-bearing purposes in the construction, shipbuilding, trucking, farm equipment, and other related industries. Unfinished conduit pipe is also included in this review.

All carbon-steel pipes and tubes within the physical description outlined above are included within the scope of this review except line pipe, oil-country tubular goods, boiler

tubing, mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and finished conduit.<sup>1</sup>

Imports of these products are currently classifiable under the following Harmonized Tariff Schedule (“HTS”) subheadings: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

#### Date of Sale

The Department normally will use the date of invoice, as recorded in the producer's or exporter's records kept in the ordinary course of business, as the date of sale, but may use a date other than the invoice date if the Department is satisfied that a different date better reflects the date on which the material terms of sale are established. See 19 CFR 351.401(i).

#### (A) SeAH

For its home market sales, SeAH has reported the date the billing document is created in its accounting system as the date of sale. This is the date when the final price and quantity are set and is, in most cases, the same as the date of the shipping invoice.

For its U.S. sales, SeAH reported the earlier of the date of shipment from Korea or the date of Pusan Pipe America Inc.’s (“PPA”) (SeAH’s U.S. affiliate) invoice to the unaffiliated U.S. customer as the date of sale. SeAH explained that all U.S. sales are produced to order and, while the price is set with the customer’s order, the quantity is subject to change between order

---

<sup>1</sup> See Final Negative Determination of Scope Inquiry on Certain Circular Welded Non-Alloy Steel Pipe and Tube From Brazil, the Republic of Korea, Mexico, and Venezuela, 61 FR 11608 (March 21, 1996). In accordance with this determination, pipe certified to the API 5L line-pipe specification and pipe certified to both the API 5L line-pipe specifications and the less-stringent ASTM A-53 standard-pipe specifications, which falls within the physical parameters as outlined above, and entered as line pipe of a kind used for oil and gas pipelines is outside of the scope of the antidumping duty order.

and shipment. We are relying on the sale dates reported by SeAH for both home market and U.S. sales.

(B) HYSCO

For its home market sales, HYSCO reported the date of sale as the earlier of the date of shipment from HYSCO's factory or the date on which HYSCO issued its tax and commercial invoice. HYSCO noted that quantity can change up until shipment from HYSCO's factory, and price can change up until HYSCO's issuance of its tax and commercial invoice.

For its U.S. sales, HYSCO reported the date of shipment from Korea as the date of sale because the quantity and price for its U.S. sales can change up until the date of shipment from its factory in Korea. (Invoicing to the unaffiliated customer always occurs after shipment from Korea.) In support of its claimed date of sale for the U.S. market, HYSCO provided sales documentation regarding changes to the material terms of sale after order date and its quantity allowances. We intend to seek further information regarding HYSCO's U.S. date of sale for the final results, but are relying on the sale dates reported by HYSCO for these preliminary results.

Comparisons to Normal Value

To determine whether SeAH's and HYSCO's sales of CWP from Korea to the United States were made at less than normal value ("NV"), we compared constructed export price ("CEP") to NV, as described in the "Constructed Export Price" and "Normal Value" sections of this notice below.

Product Comparisons

In accordance with section 771(16) of the Act, we considered all products produced by SeAH and HYSCO that are covered by the description contained in the "Scope of the Order"

section above and were sold in the home market during the POR to be the foreign like product for purposes of determining appropriate product comparisons to U.S. sales.

We have relied on five criteria to match U.S. sales of subject merchandise to comparison market sales of the foreign like product: 1) grade; 2) nominal pipe size; 3) wall thickness; 4) surface finish; and 5) end-finish. For SeAH, we used actual pipe size in millimeters instead of nominal pipe size because SeAH works with actual outside diameter measurements in the ordinary course of business. Where there were no sales of identical merchandise in the comparison market made in the ordinary course of trade to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics listed above.

#### Level of Trade/Constructed Export Price Offset

In accordance with section 773(a)(1)(B) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade (“LOT”) as the EP or CEP transaction. The LOT in the comparison market is the LOT of the starting-price sales or, when NV is based on CV, the LOT of the sales from which we derive selling, general and administrative (“SG&A”) expenses and profit. For CEP, the LOT is that of the constructed sale from the exporter to the affiliated importer. See 19 CFR 351.412(c)(ii). See also Micron Technology, Inc. v. United States, 243 F.3d 1301, 1314 (Fed. Cir. 2001).

Where it is not possible to make comparisons at the same LOT, the statute permits the Department to account for the different levels. See section 773(a)(7)(A) of the Act. Specifically, if the comparison market sales are made at multiple LOTs, and the difference in LOTs affects price comparability, as manifested in a pattern of consistent price differences between the sales

on which NV is based and comparison market sales at the LOT of the export transaction, the Department makes an upward or downward LOT adjustment in accordance with section 773(a)(7)(A) of the Act. See Notice of Preliminary Determination of Sales at Less Than Fair Value: Light-Walled Rectangular Pipe and Tube From Mexico, 73 FR 5515, 5522 (January 30, 2008) (“LWR Pipe from Mexico”). Alternatively, for CEP sales, if the NV LOT is at a more advanced stage of distribution than the LOT of the CEP, but the data available do not provide an appropriate basis to determine a LOT adjustment, we reduce NV by the amount of indirect selling expenses incurred in the foreign comparison market on sales of the foreign like product, but by no more than the amount of the indirect selling expenses incurred for CEP sales. See section 773(a)(7)(B) of the Act (the CEP offset provision) and LWR Pipe from Mexico, 73 FR at 5522.

To determine whether sales are made at different LOTs, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer. See, e.g., Notice of Preliminary Determination of Sales at Not Less Than Fair Value: Polyethylene Terephthalate Film, Sheet, and Strip from Thailand, 73 FR 24565 (May 5, 2008); and LWR Pipe from Mexico, unchanged in Notice of Final Determination of Sales at Less Than Fair Value: Light-Walled Rectangular Pipe and Tube from Mexico, 73 FR 35649 (June 24, 2008). In particular, we analyze whether different selling activities are performed, and whether any price differences (other than those for which other allowances are made under the Act) are shown to be wholly or partly due to a difference in LOT between the CEP and NV. In analyzing differences in selling functions, we determine whether the LOTs identified by the respondent are meaningful. See Antidumping Duties; Countervailing Duties,

Final Rule, 62 FR 27296, 27371 (May 19, 1997). If the claimed LOTs are the same, we expect that the functions and activities of the seller should be similar. Conversely, if a party claims that LOTs are different for different groups of sales, the functions and activities of the seller should be dissimilar. See Porcelain-on-Steel Cookware From Mexico: Final Results of Antidumping Duty Administrative Review, 65 FR 30068 (May 10, 2000), and accompanying Issues and Decision Memorandum at Comment 6.

(A) SeAH

SeAH reported two channels of distribution in the comparison market, Korea: 1) direct sales to unaffiliated end-users and distributors; and 2) sales to affiliated companies. In the U.S. market, SeAH reported one channel of distribution corresponding to the CEP sales made through its affiliated company in the United States, PPA. SeAH stated that its U.S. sales were made at a different, less advanced LOT than its comparison market sales. Because it had no comparison market sales that were at the same LOT as the U.S. CEP sales, SeAH is not seeking a LOT adjustment. Instead, it claims that a CEP offset is warranted.

In evaluating SeAH's claim, we examined its activities in each channel of distribution relating to four different types of selling functions: sales process and marketing support, freight and delivery, inventory maintenance and warehousing, and warranty and technical services. Based on our analysis, we preliminarily determine that SeAH's selling activities in the comparison market did not vary significantly by channel of distribution. Therefore, we preliminarily determine that SeAH sold at one LOT in the comparison market. We further determine preliminarily that SeAH sold at one LOT in the U.S. market since there is only one

channel of distribution in this market, and the marketing process and selling functions are the same for all of SeAH's customers in the United States.

We then compared the selling functions performed by SeAH for its U.S. sales to the selling functions performed for the single LOT in the comparison market. Record evidence indicates that SeAH undertakes significant activities in the comparison market related to the sales process and marketing support, as well as warehousing and warranty services that it does not undertake for its U.S. CEP sales. See Memorandum from Jennifer Meek to the File, Re: Preliminary Results Calculation Memorandum, dated November 30, 2011 ("SeAH Preliminary Sales Calculation Memo"). These differences in selling functions performed for comparison and U.S. market transactions indicate that SeAH's comparison market sales are made at a more advanced stage of distribution than its U.S. sales. Consequently, we preliminarily determine that SeAH's comparison and U.S. market sales are at different LOTs.

(B) HYSCO

HYSCO reported one channel of distribution in the comparison market, Korea: sales directly to customers, which were unaffiliated distributors and both affiliated and unaffiliated end users. In the U.S. market, HYSCO reported two channels of distribution: (1) sales to affiliate Hyundai HYSCO USA, Inc. ("HHU"), which, in turn sold the merchandise to unaffiliated customers in the United States; and (2) sales through another party to unaffiliated U.S. customers. HYSCO reported that the home market LOT was more advanced than the LOT for its U.S. sales. HYSCO is not seeking a LOT adjustment. Instead, it claims that a CEP offset is warranted. See HYSCO's Section A Questionnaire Response at A-19.

In evaluating HYSCO's claim, we examined its activities in each channel of distribution relating to 24 different types of selling functions. Based on our analysis, we preliminarily determine that HYSCO's selling activities in the U.S. market did not vary significantly by channel of distribution. Therefore, we preliminarily determine that HYSCO sold at one LOT in the U.S. market. We further determine preliminarily that HYSCO sold at one LOT in the comparison market since there is only one channel of distribution in this market, and the marketing process and selling functions are the same for all of HYSCO's customers in the home market.

We then compared the selling functions performed by HYSCO for its U.S. sales to the selling functions performed for the single LOT in the comparison market. Record evidence indicates that HYSCO undertakes significant activities in the comparison market in 10 of the 24 selling functions, including sales forecasting, strategic/economic planning, packing, sales/marketing support, etc. See Memorandum from Mary Kolberg to the File, Re: Preliminary Results Calculation Memorandum, dated November 30, 2011 ("HYSCO Preliminary Sales Calculation Memo"). These differences in selling functions performed for the comparison and U.S. markets indicate that HYSCO's comparison market sales are made at a more advanced stage of distribution than its U.S. sales. Consequently, we preliminarily determine that HYSCO's comparison market and U.S. sales are at different LOTs.

As discussed above, the Department will make a LOT adjustment in these circumstances when the information exists to do so. We have found different LOTs between the comparison and U.S. markets for SeAH and HYSCO. However, since there is only one LOT in the comparison market for each company, there is no basis upon which to determine whether there is

a pattern of consistent price differences between LOTs in the comparison market. Further, we do not have information that would allow us to examine the price patterns of SeAH's and HYSCO's sales of other similar products, and there is no other record evidence upon which a LOT adjustment could be based. Therefore, we have not made a LOT adjustment for either company.

Instead, in accordance with section 773(a)(7)(B) of the Act, we preliminarily determine that a CEP offset is appropriate for SeAH and HYSCO to reflect that their comparison market sales are at a more advanced stage than the LOT of their respective U.S. sales. We based the amount of the CEP offset on comparison market indirect selling expenses and limited the deduction to the amount of the indirect selling expenses deducted from CEP under section 772(d)(1)(D) of the Act. For a detailed discussion, see SeAH Preliminary Sales Calculation Memo and HYSCO Preliminary Sales Calculation Memo.

#### Constructed Export Price

In accordance with section 772(b) of the Act, CEP is the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise, or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter.

#### (A) SeAH

For purposes of this review, SeAH classified all of its sales of CWP to the United States as CEP sales. During the POR, SeAH made sales in the United States through its U.S. affiliate, PPA, which then resold the merchandise to unaffiliated customers in the United States. We calculated CEP based on the packed, delivered prices to unaffiliated purchasers in the United

States, net of billing adjustment and discounts. We adjusted these prices for movement expenses, including foreign inland freight, international freight, marine insurance, foreign and U.S. brokerage and handling, bill of lading charges, and U.S. customs duties, in accordance with section 772(c)(2)(A) of the Act.

In accordance with section 772(d)(1) of the Act, we deducted from the starting price those selling expenses that were incurred in selling the subject merchandise in the United States, including imputed credit expenses, warranty expenses, and indirect selling expenses. We also made an adjustment for profit in accordance with section 772(d)(3) of the Act. See SeAH's Preliminary Sales Calculation Memo.

(B) HYSCO

For purposes of this review, HYSCO classified all of its export sales of CWP to the United States as CEP sales. During the POR, HYSCO made sales in the United States through two channels, including through affiliate HHU and another party, which then resold the merchandise to unaffiliated customers in the United States. We calculated CEP based on the packed, delivered price to unaffiliated purchasers in the United States. We adjusted these prices for movement expenses, including foreign inland freight, international freight, marine insurance, foreign and U.S. brokerage and handling, and U.S. customs duties, in accordance with section 772(c)(2)(A) of the Act.

In accordance with section 772(d)(1) of the Act, we deducted from the starting price those selling expenses that were incurred in selling the subject merchandise in the United States, including warranty expenses, imputed credit expenses, and indirect selling expenses. We also

made an adjustment for profit in accordance with section 772(d)(3) of the Act. See HYSCO Preliminary Sales Calculation Memo.

#### Normal Value

##### A. Selection of Comparison Market

To determine whether there was a sufficient volume of sales in Korea to serve as a viable basis for calculating NV, we compared SeAH's and HYSCO's volume of home market sales of the foreign like product to their respective U.S. sales volumes of the subject merchandise, in accordance with section 773(a)(1)(B) of the Act. Because the aggregate home market sales volumes of the foreign like product were greater than five percent of their aggregate U.S. sales volumes of the subject merchandise, we determine that the home market was viable for comparison purposes for both SeAH and HYSCO.

##### B. Affiliated Party Transactions and Arm's Length Test

SeAH and HYSCO reported sales of the foreign like product to affiliated and unaffiliated customers in the comparison market. The Department calculates NV based on a sale to an affiliated party only if it is satisfied that the price to the affiliated party is comparable to the price at which sales are made to parties not affiliated with the producer or exporter, i.e., sales at "arm's length." See 19 CFR 351.403(c). To test whether the sales to affiliates were made at arm's length prices, we compared on a model-specific basis, the starting prices of sales to affiliated and unaffiliated customers net of all movement charges, direct selling expenses, and packing. In accordance with the Department's current practice, if the prices charged to an affiliated party were, on average, between 98 and 102 percent of the prices charged to unaffiliated parties for merchandise identical or most similar to that sold to the affiliated party, we considered the sales

to be at arm's length and included such sales in the calculation of NV. See 19 CFR 351.403(c). Conversely, where sales to the affiliated party did not pass the arm's length test, all sales to that affiliated party were excluded from the NV calculation. See Antidumping Proceedings: Affiliated Party Sales in the Ordinary Course of Trade, 67 FR 69186, 69194 (November 15, 2002).

C. Cost of Production Analysis

The Department disregarded sales below the COP in the last completed reviews in which SeAH and HYSCO participated. See Circular Welded Non-Alloy Steel Pipe from the Republic Korea: Final Results of the Antidumping Duty Administrative Review, 75 FR 34980 (June 21, 2010) and Circular Welded Non-Alloy Steel Pipe from Korea: Final Results of Antidumping Duty Administrative Review, 69 FR 32492 (June 10, 2004), respectively. Thus, in accordance with section 773(b)(2)(A)(ii) of the Act, there are reasonable grounds to believe or suspect that SeAH and HYSCO made sales of the subject merchandise in their comparison market at prices below the COP in the current review period. Pursuant to section 773(b)(1) of the Act, we initiated a COP investigation of sales by SeAH and HYSCO.

1. Calculation of Cost of Production

We calculated the COP based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for selling, general and administrative (“SG&A”) expenses, in accordance with section 773(b)(3) of the Act.

Except as noted below, we relied on the COP data submitted by HYSCO and SeAH in their questionnaire responses for the COP calculation.

During the POR, HYSCO purchased hot-rolled coil from its affiliates. We analyzed HYSCO's affiliated transactions in accordance with section 773(f)(3) of the Act, and adjusted HYSCO's cost of manufacturing to reflect the higher of market or transfer price, or the affiliate's COP. See Memorandum from Ji Young Oh to Neal M. Halper, Director of Office of Accounting, "Cost of Production and Constructed Value Calculation Adjustments for the Preliminary Results – Hyundai HYSCO", dated November 30, 2011.

Based on our review of the record evidence, neither HYSCO nor SeAH appeared to experience significant changes in the cost of manufacturing during the POR. Therefore, we followed our normal methodology of calculating an annual weighted-average cost.

2. Test of Comparison Market Sales Prices

As required under section 773(b)(2) of the Act, we compared the POR weighted-average COP to the per-unit price of the comparison market sales of the foreign like product to determine whether these sales had been made at prices below the COP within an extended period of time in substantial quantities, and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time. We determined the net comparison market prices for the below cost test by subtracting from the gross unit price any applicable movement charges, discounts, rebates, direct and indirect selling expenses (also subtracted from the COP), and packing expenses.

3. Results of the COP Test

Pursuant to section 773(b)(2)(C)(i) of the Act, where less than 20 percent of sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because we determined that the below-cost sales were not made in "substantial

quantities.” Where 20 percent or more of a respondent’s home market sales of a given model were at prices less than the COP, we disregarded the below-cost sales because: (1) They were made within an extended period of time in “substantial quantities,” in accordance with sections 773(b)(2)(B) and (C) of the Act; and (2) based on our comparison of prices to the weighted-average COPs, they were at prices which would not permit the recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Act.

Our cost test for HYSCO and SeAH indicated that for home market sales of certain models, more than 20 percent were sold at prices below the COP within an extended period of time and were at prices which would not permit the recovery of all costs within a reasonable period of time. Thus, in accordance with section 773(b)(1) of the Act, we excluded these below-cost sales from our analysis and used the remaining above-cost sales to determine NV.

D. Constructed Value

In accordance with section 773(e) of the Act, we calculated CV based on the sum of SeAH’s and HYSCO’s respective material and fabrication costs, SG&A expenses, profit, and U.S. packing costs. We calculated the COP component of CV as described above in the “Cost of Production Analysis” section of this notice. In accordance with section 773(e)(2)(A) of the Act, we based SG&A expenses and profit on the amounts incurred and realized by the respondents in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country.

E. Calculation of Normal Value Based on Comparison Market Prices

We found the method that HYSCO used to calculate the rate of its home market short-term borrowing during the period of review did not properly reflect the actual rates it received in

borrowing. In a supplemental response, HYSCO submitted an alternative calculation for its home market short-term borrowing rate. We have used the rate calculated by this alternative method to recalculate HYSCO's reported home market credit expenses and home market inventory carrying costs.

For those comparison products for which there were sales at prices above the COP for HYSCO and SeAH, we based NV on home market prices. We calculated NV based on packed prices to unaffiliated customers in Korea, or prices to affiliated customers which were determined to be at arm's length (see discussion above on the arm's length test). We adjusted the starting price for billing adjustments and interest revenue (both HYSCO only) and by deducting for foreign inland freight, including warehousing (HYSCO only) pursuant to section 773(a)(6)(B)(ii) of the Act. We made adjustments for differences in packing, in accordance with section 773(a)(6)(A) and 773(a)(6)(B)(i) of the Act, and in circumstances of sale (for imputed credit and warranty expenses (HYSCO only)) under section 773(a)(6)(c)(iii) of the Act and 19 CFR 351.410.

When comparing U.S. sales with comparison market sales of similar, but not identical, merchandise, we also made adjustments for physical differences in the merchandise in accordance with section 773(a)(6)(C)(ii) of the Act and 19 CFR 351.411. We based this adjustment on the difference in the variable cost of manufacturing for the foreign like products and subject merchandise. See 19 CFR 351.411(b).

F. Price-to-CV Comparison

Where we were unable to find a home market match of such or similar merchandise, in accordance with section 773(a)(4) of the Act, we based NV on CV. Where appropriate, we made adjustments to CV in accordance with section 773(a)(8) of the Act.

Currency Conversion

Pursuant to 19 CFR 351.415 and section 773A of the Act, we made currency conversions based on the exchange rates in effect on the date of the U.S. sale, as certified by the Federal Reserve Bank. See Import Administration website at: <http://ia.ita.doc.gov/exchange/index.html>.

Preliminary Results of the Review

We preliminarily determine that a weighted-average dumping margin exists for the respondents for the period November 1, 2009, through October 31, 2010.

---

Manufacturer/exporter	Weighted-average margin percent
<hr/>	
SeAH Steel Corporation.....	2.31
Hyundai HYSCO.....	0.59

---

Public Comment

The Department will disclose calculations performed within five days of the date of publication of this notice to the parties to this proceeding in accordance with 19 CFR 351.224(b). Any interested party may request a hearing within 30 days of the publication of this notice in the Federal Register. See 19 CFR 351.310. If a hearing is requested, the Department will notify

interested parties of the hearing schedule. Issues raised in the hearing will be limited to those raised in the case briefs.

Interested parties are invited to comment on the preliminary results of this review. The Department will consider case briefs filed by interested parties within 30 days after the date of publication of this notice in the Federal Register. See 19 CFR 351.309(c). Interested parties may file rebuttal briefs, limited to issues raised in the case briefs. See 19 CFR 351.309(d). The Department will consider rebuttal briefs filed not later than five days after the time limit for filing case briefs. Parties submitting arguments in this proceeding are requested to submit with the argument: 1) a statement of the issue, 2) a brief summary of the argument, and 3) a table of authorities, in accordance with 19 CFR 351.309(d)(2). Further, parties submitting case and/or rebuttal briefs are requested to provide the Department with an additional electronic copy of the public version of any such comments on a computer diskette. Case and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f).

The Department will issue the final results of this administrative review, which will include the results of its analysis of issues raised in any such comments within 120 days of publication of these preliminary results, unless extended. See section 751(a)(3)(A) of the Act, and 19 CFR 351.213(h).

#### Assessment Rates

The Department shall determine, and CBP shall assess, antidumping duties on all appropriate entries, in accordance with 19 CFR 351.212(b)(1). The Department will issue appropriate appraisement instructions for the companies subject to this review directly to CBP 15 days after the date of publication of the final results of this review.

For HYSCO and SeAH, we will calculate importer-specific ad valorem duty assessment rates based on the ratio of the total amount of antidumping duties calculated for the examined sales to the total entered value of the sales, as reported by HYSCO and SeAH. See 19 CFR 351.212(b)(1). Pursuant to 19 CFR 351.106(c)(2), we will instruct CBP to liquidate without regard to antidumping duties any entries for which the assessment rate is de minimis (i.e., less than 0.50 percent).

The Department clarified its “automatic assessment” regulation on May 6, 2003. See Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties, 68 FR 23954 (May 6, 2003) (“Assessment Policy Notice”). This clarification will apply to entries of subject merchandise during the period of review produced by companies included in these final results of review for which the reviewed companies did not know that the merchandise they sold to the intermediary (e.g., a reseller, trading company, or exporter) was destined for the United States. In such instances, we will instruct CBP to liquidate unreviewed entries at the all-others rate if there is no rate for the intermediary involved in the transaction. See Assessment Policy Notice for a full discussion of this clarification.

#### Cash Deposit Requirements

The following deposit rates will be effective upon publication of the final results of this administrative review for all shipments of CWP from Korea entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(2)(C) of the Act: (1) The cash deposit rates for the companies listed above will be the rates established in the final results of this review, except if the rate is less than 0.5 percent and, therefore, de minimis, the cash deposit will be zero; (2) for previously reviewed or investigated companies not

listed above, the cash deposit rate will continue to be the company-specific rate published for the most recent final results in which that manufacturer or exporter participated; (3) if the exporter is not a firm covered in this review, a prior review, or the original less-than-fair-value (“LTFV”) investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent final results for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous review conducted by the Department, the cash deposit rate will be 4.80 percent, the “all others” rate established in the LTFV investigation. See CWP Order. These cash deposit requirements, when imposed, shall remain in effect until further notice.

#### Notification to Importers

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

#### Notification to Interested Parties

This notice serves as the only reminder to parties subject to administrative protective order (“APO”) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

These preliminary results of review are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

---

Paul Piquado  
Assistant Secretary  
for Import Administration

November 30, 2011 \_\_\_\_\_  
(Date)

[FR Doc. 2011-31432 Filed 12/06/2011 at 8:45 am; Publication Date: 12/07/2011]